

2008 Retirement Planning Guide

The Office of Retirement (HR/RET) has prepared this Retirement Planning Guide to assist Department of State Civil Service personnel, and Foreign Service personnel of all agencies, with the retirement process. Outlined below are five steps to guide you in researching and planning a successful retirement.

Step 1: Research the information you need to retire

A. Check on-line resources

It is important to familiarize yourself with the information and forms on the Office of Retirement's website, www.RNet.state.gov, available through the Department's intranet site or through the internet. Both Foreign Service and Civil Service employees will find information on their respective retirement systems on the website under "Comprehensive Retirement Information." Retirement forms are found under "Forms." You can also research frequently asked questions on the website. If you don't find what you are looking for, you may send your query to our e-mailbox: RETServices@state.gov.

Civil service employees may also wish to consult the website of the Office of Personnel Management (OPM), www.opm.gov/retire for additional guidance.

B. Confirm your eligibility

To determine if you are eligible to retire, review the age and length of service requirements for your retirement plan on the Office of Retirement's website, www.RNet.state.gov, under "Comprehensive Retirement Information." If you have any further questions, please send them to our e-mailbox: RETServices@state.gov.

C. Review your Official Personnel Folder (OPF)

You should thoroughly review your official personnel folder (OPF) to ensure it is complete. You may request your OPF through your Bureau Human Resources Specialist; this information is not available electronically, since HR Online files do not go back further than 1999.

D. Let the Office of Retirement Know If You Have Any Prior Service

Consult our website for information about getting credit towards retirement for your prior Peace Corps, military or other civilian government service. For example, if you converted to Civil Service from Foreign Service, please inform the Office of Retirement whether you transferred your retirement contributions to your new pension system when you joined. It may take months to determine all of your retirement credit, and any

deposits you may owe, so start well in advance of your planned retirement date to document all of your service.

E. Estimate your annuity

You can access both the Annuity Benefits Calculator (ABC) and the Personal Benefits Statement (PBS) via E-Phone on the State Department's Intranet. Although the ABC can provide you with a good approximation of your annuity, please be aware that it is only an estimate. The Office of Retirement will compute the final, official calculation of annuities for Foreign Service retirees, and OPM will do the final, official calculation for Civil Service retirees. You should also review your Personal Benefits Statement and ensure you understand all your entitlements.

Note for FSPS/FERS retirees: The annuity estimate from the ABC does not include Social Security benefits or the annuity supplement that you will receive until age 62, when you are first eligible for Social Security benefits. You can obtain information on estimating your annuity supplement on our website. For information on estimating your Social Security benefits, including the impact of the Windfall Elimination Provision and the Government Pension Offset, check the Social Security Administration's website www.ssa.gov.

F. Take the Retirement Planning Workshop

We recommend you take the Retirement Planning Workshop (FSI course RV 101) to learn about your annuity, financial and estate planning, tax issues, and possibilities for employment after you retire. Employees may attend the Retirement Planning Workshop more than once as they approach retirement.

Employees may be authorized per diem during the Retirement Planning Workshop only to the extent allowed by HR.

Two days of the Retirement Planning Workshop, "*Annuities, Benefits and Social Security*" (RV 104) and "*Financial Management and Estate Planning*" (RV 103) are available as stand-alone courses. Information on schedules and enrollment is available at <http://fsi.state.gov/fsi/tc> on State's intranet or via internet at www.state.gov/m/fsi/tc.

Step 2: Make well-informed financial decisions

A. Choose the best day to retire

If you are **retiring voluntarily**, choosing to retire on the last day of the month means your annuity will begin to accrue immediately, i.e., the first day of the following month. You will receive your last salary payment in the middle of your first month of retirement, and your first annuity payment on the first day of the second month after your effective date of retirement. If you are under one of the "old" systems (FSRDS, FSRDS Offset,

CSRS or CSRS Offset) you may also retire on any one of the first three days of the month and your annuity will also still start to accrue immediately.

If you are **retiring involuntarily**, you may retire any day of the month under any retirement plan and your annuity will begin the next day.

You should also take into consideration the impact of retirement on other service-related obligations, such as un-reimbursed travel advances, allowances, R&R or tour of duty requirements. Outstanding financial obligations could delay processing of your retirement. If you are uncertain, contact the HR specialist in your post or bureau.

B. Maximize your contributions to the Thrift Savings Plan (TSP)

Set your TSP contribution rate to reach the IRS annual contribution ceiling. Be sure to include “catch-up” contributions if you have reached age 50. You may adjust your TSP contributions at any time online at <http://www.tsp.gov/>.

C. Maximize your lump sum payment for unused annual leave

If you retire before the beginning of the first pay period of the calendar year, you will be paid for the entire balance of unused annual leave, even if it exceeds your ceiling. If you retire after the beginning of the first pay period of the calendar year, and you have exceeded your annual leave ceiling, you will lose all excess annual leave. Furthermore, if you have enough unused annual leave to extend beyond the date the annual cost of living adjustment (COLA) goes into effect, your lump sum payment will be calculated at the higher salary rate, even if you were never paid at that rate. For this reason, many employees do not take annual leave during their last year of duty.

D. Maximize credit for sick leave

FSRDS/CSRS: If you are enrolled in one of the “old” systems (FSRDS or CSRS), unused sick leave is creditable toward retirement. Creditable sick leave (calendar years, months and days) is added to the total of regular service, and odd days are dropped. Only years and months of service count toward length of service for retirement purposes.

Conversion between FS/CS retirement systems: An employee who converted from FSRDS or CSRS to one of the “new” systems (FSPS or FERS) will receive credit for the unused sick leave balance at the time of conversion, or the unused balance at retirement, whichever is less.

Sick leave does not affect the high-three average salary calculation, and is not used in determining when an employee is eligible to retire. However, unused sick leave may be credited without regard to the 35-year limitation on length of service under FSRDS or the 41 years, 11 months limitation under CSRS.

FSPS/FERS: If you are covered by FERS or FSPS you do not receive retirement credit for unused sick leave.

E. Review your life and health insurance coverage

To continue your participation in the Federal Employees Group Life Insurance (FEGLI) program or the Federal Employees Health Benefits (FEHB) program after retirement, you must have been continuously covered for five years immediately prior to retirement. If you were not continuously covered in FEHB for five years before retirement, or if you left federal employment without qualifying for an immediate annuity, as a former employee you are eligible for temporary continuation of coverage (TCC) for up to 18 months. If you are a former spouse or dependent child and you are not eligible for a survivor annuity, you could be covered by TCC for up to 36 months. You must pay both the employee and employing agency contributions to be covered under TCC.

Step 3: Begin the retirement process

A. Civil Service retirements

Civil Service retirement processing begins with your home bureau's executive office. Submit your retirement application package to your Executive Office, who will forward it to the Office of Retirement and the Retirement Accounts Division (RM/RAD) for certification, before it is submitted to the Office of Personnel Management (OPM) for payment.

You can find the required forms and instructions in the Civil Service retirement package on our website under "Forms." If you are covered by CSRS or CSRS Offset, submit SF 2801, Application to Retire, parts A, B, C, and D. If you are covered by FERS, submit SF 3107, Application to Retire, parts A, B, C, and D.

Your annuity will be paid by OPM. OPM has an excellent website, www.OPM.gov/retire, with detailed information on Civil Service retirement issues.

B. Foreign Service retirements.

Foreign Service employees should begin by submitting the Application for Retirement (DS-5004) and Foreign Service Residence and Dependency Report (OF-126) to HR/RET. Both forms are available on www.RNet.state.gov under "Forms" in the "Foreign Service Retirement Package." Once approved, the Office of Retirement will transmit these documents to your Career Development and Assignments office (HR/CDA), and you will be paneled for retirement. You will receive an e-mail confirmation and tracking number when your forms are received; at that time you will be assigned a retirement counselor.

If applicable, HR/CDA will help plan your departure from post, shipment of effects and issue your travel orders. HR/CDA can also register you for the Retirement Planning Workshop and the Job Search Program at FSI.

Once you have determined a retirement date, your counselor will ask you to submit the remainder of your retirement forms to the Office of Retirement at least 90 days beforehand, to ensure that your annuity payments will begin promptly upon retirement.

Step 4 – Take care of final administrative matters

A. Travel and shipment of your effects

For Foreign Service employees, travel and shipment of effects to the separation address must be accomplished within twelve months of the date of separation if traveling from overseas, six months if separated from a domestic assignment. Requests for an extension of the time limit for travel or shipment of effects for an additional six months, not to exceed a maximum of 18 months, should be submitted to your HR technician in HR/EX. All storage entitlements expire 90 days from the separation date. Requests for an extension of one additional 90 day period, not to exceed a maximum of 180 days, should be submitted to your HR technician in HR/EX.

For details on travel and shipment of effects, please visit the Transportation and Travel Management Division's webpage at <http://almopsttm.a.state.gov/> or send individual queries to transportationquery@state.gov.

B. Medical examination

Foreign Service employees should initiate separation physicals for themselves and their dependents by contacting M/MED directly at <http://med.state.gov>. Telephone: 202-663-1779 or 202-663-1782. The purpose of this exam is to identify medical conditions that may have developed during service abroad. The separation examination process must be initiated prior to the date of separation and completed within 90 days after that date. Persons living within 50 miles of Washington D.C. must have their separation examination done in MED, unless they are willing to cover the costs of the exam themselves. MED encourages separation physical examinations be done at one's home leave address. This enables the examinee to form a relationship with a new health practitioner at DOS expense. The separation medical exam may be taken at post if there are adequate facilities.

C. Diplomatic Passports, Department of State Badges, and Retiree ID Cards

Diplomatic passports for you and your eligible dependents will need to be canceled prior to your effective date of retirement. Please have them canceled at the Passport Office, Room 1252, HST Building.

If you are retiring from the Department, your Department of State badge must be turned in to your Bureau Executive Office on your last day, and you need to complete the form OF-109, Separation Statement. You can obtain this form on RNet under the Foreign Service Retirement Package or from Forms on the Department's intranet site. If you are retiring from overseas, your Department of State badge and the OF-109, Separation Statement, should be turned in to your Management Officer.

If you wish to receive a Retiree ID Card, please complete and submit the form DS-5018 along with your retirement package and the Office of Retirement will issue you a retiree ID card.

D. Leave status

Upon arrival from post for consultations prior to retirement or to attend the Retirement Planning Workshop and/or the Job Search Program, please submit your completed DS-1707, Leave, Travel, and Consultation Status, to your Retirement Counselor.

E. Financial disclosure

Senior officers subject to Financial Disclosure requirements must file the Termination Certificate Statement and the SF-278, Executive Branch Personnel Public Financial Disclosure Report, within 30 days from the date of separation if they have served in a position for 60 days or more in a calendar year.

You may access the forms via <http://www.rnet.state.gov/forms.cfm> in the Executive Branch Personnel Public Financial Disclosure Package. The report should be forwarded directly to L/EMP/FD at the following address: U.S. Department of State, Office of the Legal Advisor, Room 5425, 2201 C Street, NW, Washington, DC 20520-6419.

Step 5. Be aware of post-retirement issues

A. Annuity statements

FS Annuitant: Foreign Service annuitants may access their monthly annuity statements by logging on to Annuitant Employee Express, www.employeeexpress.gov. There is also a link on the RNet home page. You will need a personal identification number (PIN) provided by the Office of Personnel Management to access your statements. You may address questions about your annuity to the Retirement Accounts Division at RAD2@state.gov. Generally, you will receive your first annuity payment at the beginning of the second month after your retirement date.

CS Annuitant: If you are a Civil Service annuitant, you may access your annuity statements through the Office of Personnel Management at www.servicesonline.opm.gov. Please address annuity questions to OPM at retire@opm.gov. Generally, OPM issues an

interim annuity payment, estimated at 80 percent of the actual annuity, approximately six weeks after the effective retirement date.

B. Employment and EP+

Be sure to update your profile on EP+ for Retiring Employees through HR Online <http://hrweb.hr.state.gov/hronline>. You may also include work experience and skills gained outside your USG career. It is the gateway to working on a When Actually Employed (WAE) basis and possibly serving in the Standby Response Corps (SRC). You should also register your interest in employment with the relevant bureau WAE coordinators.

C. Limitations on post-retirement employment

FS Reemployment: When a Foreign Service annuitant is reemployed in Federal service on a part-time, temporary or intermittent basis (WAE), annuity benefits may continue, subject to a cap on total compensation (WAE salary/annuity) per calendar year and a limit of 1,040 hours worked per appointment year. You can request an audit of your earnings from the Retirement Accounts Division (rad2@state.gov) to avoid exceeding your salary/annuity cap.

If a Foreign Service annuitant is reemployed under a full-time Civil Service, Legislative, Judicial or Presidential appointment, payment of the employee's annuity is suspended. At the conclusion of the appointment, payment of the annuity will resume, together with intervening cost of living adjustments (COLAs).

Personal Service Contract: Employment on a personal services contract or in the private sector does not trigger suspension of one's annuity under Foreign Service or Civil Service. However, payment of the FSPS or FERS annuity supplement may be terminated if the annuitant's earned income exceeds a specified amount (\$13,560 in 2008).

CS Reemployment: Civil Service retirees reemployed by the Federal government are also subject to limitations on the amount earned and on the number of hours worked, but it is implemented differently. When a Civil Service retiree is reemployed on a WAE basis, the hourly rate of compensation is reduced by the hourly rate of the annuity. There is also a limitation of 1,040 hours per appointment year. If you are employed as a contractor or as a paid consultant, you are not subject to these limitations.

It is your responsibility to notify the Office of Retirement if you are re-employed. You should send a copy of the SF 50, Notification of Personnel Action, appointing you to a position with the government.

Final Step: Congratulations and Enjoy your Retirement!!

